

FIVE-YEAR IMPLEMENTATION PLAN

CARLSBAD HOUSING AND REDEVELOPMENT COMMISSION



SOUTH CARLSBAD COASTAL REDEVELOPMENT AREA

ABOUT THIS IMPLEMENTATION PLAN

This document, adopted on January 17, 2006, is the Five-Year Implementation Plan ("Implementation Plan") for the South Carlsbad Coastal Redevelopment Project Area ("Project Area") in fulfillment of Article 16.5 of the California Community Redevelopment Law ("Law"). This Plan presents the Carlsbad Housing Redevelopment Commission's ("Commission") anticipated projects and programs, goals and objectives, as well as estimated revenue for the five-year planning period of 2005-06 through 2009-10. Also, included in this document is the mid-term review of the Commission's anticipated affordable housing program for 2000-01 through 2010-11 (Ten-Year Housing Compliance Plan). Adopting this Plan does not approve any of the listed projects. Specific project implementation activities are subject to environmental review and discretionary approvals by the Commission. This Plan replaces the Commission's existing Five-Year Implementation and Ten-Year Housing Compliance Plans that were approved on July 18, 2000, when the South Carlsbad Coastal Redevelopment was originally adopted.

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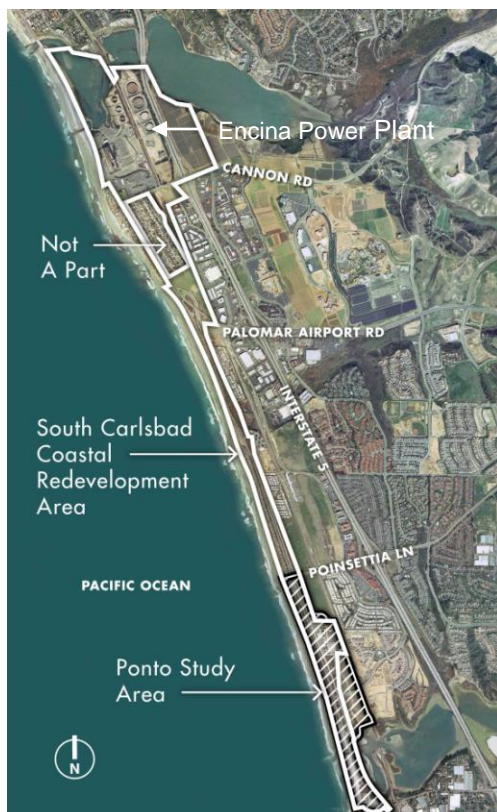
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ABOUT THE PROJECT AREA

The City of Carlsbad ("City") is located in the northwestern portion of San Diego County, approximately 5 miles south of the Camp Pendleton Marine Base and 30 miles north of downtown San Diego. Incorporated in 1952, the City encompasses an area of approximately 39.1 square miles with an estimated population of 92,995 persons in 2004. Its natural setting, strong commercial and industrial base, and proximity to the Pacific Ocean provide a unique living and working environment.

Notable Timeframes	
Redevelopment Plan Effectiveness	
Adopted 2000	Expires 2031
Tax Increment Collection	
Expires 2046	
Implementation Plan	
2005 to 2010	
Housing Compliance Plan	
2000 to 2010	
(For affordable housing program planning)	



The Commission was formed in 1981 to facilitate redevelopment activities in the City of Carlsbad. In 1999, the Commission initiated the adoption of the South Carlsbad Coastal Redevelopment Project Area, with final adoption on July 18, 2000. The Project Area includes the Ponto Beach area and the Encina Power Generating Facility. Redevelopment became a tool for the City to address issues of blight in the area relating to deteriorating and dilapidated buildings, health and safety hazards, incompatible land uses, inadequate utilities and infrastructure.

RECENT ACCOMPLISHMENTS

During the past five years, the Commission has facilitated planning efforts to provide a successful background for future projects and programs in the Project Area. These efforts have culminated in the completion of the draft Ponto Beachfront Village Vision Plan. Completion of the Environmental Impact Report (EIR) is pending for the Plan. It is anticipated that the draft EIR will be distributed for public review in January/February, 2007.

REVENUE PROJECTIONS

Private investment of projects will be the primary financing tool for projects in the South Carlsbad Coastal Redevelopment Area. Tax increment financing will be used as appropriate for public facilities and/or improvements.

The Commission had approximately \$1.0¹ million in non-housing cash assets on hand at the end of the 2003-2004 fiscal year for Project Area activities. The Commission received approximately \$161,425 in non-housing tax revenue in fiscal year 2004-05. The total non-housing cash on hand as of June 30, 2005 was approximately \$1 million.

From fiscal years 2005-06 to 2009-10, the Commission is projected to receive approximately \$2.8² million in non-housing revenue. When combined with the projected \$1 million in 2004-05 fiscal year end non-housing cash assets, the Commission will have approximately \$3.8 million to fund non-housing projects and programs. It should be noted that the power plant property has been reassessed twice since the redevelopment plan was adopted in July, 2000. This has created a financial situation for the SCCRA whereby there will be no tax increment revenue generated in FY 2005-06. The current assessed property value for the SCCRA is \$242,152,180. The assessed property value at the time the SCCRA Plan was adopted was \$254,521,305. As a result, we currently have a negative increment value of \$12,369,125. With new development projects, it is anticipated that the assessed property value for the SCCRA will increase during the period of this implementation plan. The projected revenue noted above is based on the development of new projects.

¹ Statement of Indebtedness for year end balance on June 30, 2004.

² After estimated payments to taxing agencies have been deducted.

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The Low and Moderate Income Housing Set-Aside Fund for the SCCRA will accrue approximately \$948,000 in housing set-aside funds during this five-year period. When added to the estimated housing set aside fund balance on June 30, 2005 of \$380,000, the Commission is estimated to have approximately \$1.3 million during this five year implementation period.



REDEVELOPMENT PLAN GOALS

In 2000, the Commission adopted the Redevelopment Plan for the Project Area ("Redevelopment Plan") establishing a variety of goals for redevelopment of the Project Area; these goals frame the near term redevelopment objectives for the Implementation Plan period. The Redevelopment Plan goals are listed below:



Eliminate blight and environmental deficiencies in the Project Area.



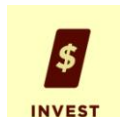
Assembling of land into parcels for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area. Rezoning, redesigning and developing properties which are stagnant or improperly utilized.



Increase, improve and preserve the City's supply of housing affordable to very low, low and moderate income utilized.



Develop new beach and coastal recreational opportunities.



Facilitate the redevelopment of the Encina Power Generating Facility to a physically smaller, more efficient power generating plant.



Funding the Carlsbad Boulevard realignment which will yield excess property that could facilitate expansion of the Carlsbad State Beach campgrounds and/or provide for other recreational facilities.



Retain as many existing businesses as possible by means of redevelopment and rehabilitation functions in the Project Area.



Enhance commercial and recreational functions in the Project Area. Increase parking and open space amenities.

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Strengthen the economic base of the Project Area and the City by installation of needed on- and off-site improvements to stimulate new commercial/residential expansion, employment and economic growth.



Implement performance criteria to assure quality site design and environmental standards to provide unity and integrity to the entire Project Area development.

PROPOSED REDEVELOPMENT PROGRAM

This section identifies the blighting conditions originally found in the Project Area, and the proposed projects, their related costs, and the Redevelopment Plan goals that will be achieved during the five-year planning period of this Implementation Plan.

Existing Blight in the Project Area



According to the Commission's documents, prepared to justify establishing a redevelopment program, the Project Area contained numerous blighting conditions including the following:

- Incompatible Uses
- Inadequate Public Infrastructure
- Irregular Lots under Mixed Ownership
- Physical Conditions that Hinder Economic Viable Use
- Buildings and Infrastructure that are Dilapidated, Unsafe and Unhealthy

In order to address the remaining blight, it is anticipated that the Commission will guide and direct development of the following private and/or public projects during the next five years. Many of the projects are proposed to be constructed by private developers if the Ponto Beachfront Village Vision Plan is ultimately adopted by the City Council and/or Housing and Redevelopment Commission. If the Ponto Plan is not ultimately approved for any reason following completion of the EIR, the list of projects outlined in this implementation plan will be revised to reflect appropriate changes.

As a reflection of the Commission's revenue projections it is anticipated the majority of these projects will be funded from non-property tax increment sources.

Projects

Project/Program Description	Preliminary Cost Estimate	Goals Achieved
<p>Live-Work Neighborhood</p> <p>This project proposes to reuse some existing buildings as well as retaining some existing businesses to enhance the Project Areas economic base.</p> <p>This project will eliminate factors hindering economically viable uses, incompatible uses and unhealthy buildings.</p>	<p>Private Investment & Available Tax Increment for related public improvements</p>	<div>   </div>

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<p>Garden Hotel</p> <p>Three story hotel with ocean views with conference center.</p> <p>This project will eliminate factors hindering economically viable uses.</p>	<p>Private Investment & Available Tax Increment for related public improvements</p>	
<p>Village Hotel</p> <p>Low-rise hotel that may also be developed with apartments or for-sale multi-family residential uses, in addition to providing support for the Mixed Use Center.</p> <p>This project will eliminate factors hindering economically viable uses and lots under mixed ownership.</p>	<p>Private Investment & Available Tax Increment for related public improvements</p>	 
<p>Poseidon Desalination Facility</p> <p>Commission is processing a Precise Development Plan to improve land-use and planning oversight for this project.</p> <p>This project will eliminate factors causing inadequate public infrastructure, economic viability and incompatible uses.</p>	<p>\$270 million from Private Investment</p>	 
<p>Street Enhancements</p> <p>Realignment of Carlsbad Boulevard and general right-of-way improvements to Avenida Encinas, Carlsbad Boulevard and Ponto Drive. These improvements may include street overlay construction, curb and gutter replacement, new and rehabilitated sidewalks, landscape and additional turn lanes.</p> <p>These street enhancements will improve inadequate public infrastructure and safety infrastructure in the overall Project Area.</p>	<p>Private Investment & Available Tax Increment as appropriate for the proposed improvements</p>	 
<p>Carlsbad Blvd Encinas Creek Bridge Replacment</p> <p>Reconstruction of the bridge at Encinas Creek.</p> <p>These improvements will improve inadequate public infrastructure.</p>	<p>Tax Increment and other public financing</p>	 

TEN-YEAR HOUSING COMPLIANCE PROGRAM

This section contains the mid-term review (5-year) of the Commission's 10-year Housing Compliance Program. The Law requires that the Commission evaluate specific requirements relating to the Implementation Plan's affordable housing activities during the past five years and the anticipated housing programs in the future. Redevelopment agencies use implementation plans to establish objectives for achieving compliance with the Law regarding their affordable housing programs. Affordable housing obligations generally fall into three categories:

- Housing Production – based on the number of housing units constructed or substantially rehabilitated in the Project Area, a redevelopment agency must ensure that a percentage of these units are affordable to very-low, low- and moderate- income households.
- Replacement Housing – redevelopment agencies must ensure that any housing units destroyed or removed as a result of a redevelopment project are replaced within four years.
- Targeting Household Types – identify the amount of housing set-aside funds the redevelopment agency will allocate on increasing and improving the supply of housing affordable to very low income households and low income households, and housing for residents under the age of 65.

The housing programs the Commission will implement during the next five years are described below.

Housing Production

To estimate the number of housing units that need to be affordable to low- and moderate-income households, the Commission estimated the total number of units to be constructed or substantially rehabilitated in the Project Area and applied mandates established by the Law. "Substantially rehabilitated" is defined in the Law, Section 33413(b)(2)(A)(iv) as a rehabilitated structure, "the value of which constitutes 25% of the after rehabilitation value of the dwelling, inclusive of the land value". Generally, 15% of all privately developed or substantially rehabilitated units within a redevelopment project area must be affordable to very low, low and moderate income households, and not less than 40% of these units must be affordable to very low income households. Further, 30% of all Commission developed or substantially rehabilitated units must be affordable to very low, low and moderate income households and not less than 50% of these units must be affordable to very low income households. All of the affordable units must feature covenants that maintain their affordability for 45 years, if they are owner-occupied dwellings, and 55 years, if they are rental dwellings.

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The chart on the following page summarizes the production goals over various time periods as required by Law. The number of required affordable housing units is based upon statutory thresholds, and the Commission is responsible for ensuring that the appropriate number of affordable units is created during the five-year planning period.

Actual and Projected Housing Needs by Time Period			
Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in the Project Area	Affordable Units	
		Required	
		Total	Very Low
Prior to 2005	0	0.0	0.0
5-Year Forecast (2005 to 2010)	0	0.0	0.0
(2011 to 2031)	172	25.8	10.4
Redevelopment Plan Duration (Until 2031)	172	26	10

During the five-year planning period (2005-2010), no new housing development is expected to take place in the Project Area. As demonstrated in the table above during the first 5-years of the existing 10-Year Housing Compliance Plan there were no units produced and no units are expected to be produced in the final 5-years (2005-2010), therefore no production requirement generated.

Over the 31-year duration of the Redevelopment Plan, the Commission anticipates the need for a total of 26 affordable units (including 10 very low-income units). Fulfillment of the production goals is demonstrated in the table below; whereby 172 new units are produced during the remaining duration (2011-2031) of the Redevelopment Plan generating the production requirements for 26 affordable units (including 10 very low-income units).

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Fulfillment of Affordable Housing Production Requirements by Time Period								
Time Period	Units Required (see previous table)		Units Produced		Additional Units Required		Net Surplus Units Produced	
	Total	VL	Total	VL	Total	VL	Total	VL
Prior to 2005	0	0	0	0	0	0	0	0
5-Year Forecast	0	0	0	0	0	0	0	0
Redevelopment Plan Duration (Until 2031)	26	10	26	10	0	0	0	0

Replacement Housing

During the Implementation Plan period, the Commission does not anticipate that any Commission-assisted projects will result in the displacement or removal of housing units. Consequently, the Commission does not anticipate that any housing will need to be replaced at this time.

Expenditures by Household Types

Based on preliminary estimates as of April 2005, the Commission anticipates that the low and moderate income housing fund has a fund balance of approximately \$380,000³. Over the five-year planning period it is conservatively estimated that the Project Area will generate \$948,000 in 20% low-moderate income housing set aside revenue.

At a minimum, the Commission's low- and moderate- income housing set-aside revenue is to be expended in proportion to the community's need for very low- and low- income housing, as well as the proportion of the population under the age of 65.

Based on statistics from the Regional Housing Needs Assessment ("RHNA"), used by local government to meet the state requirement for affordable housing by category and 2000 Census statistics, the minimum thresholds for housing program expenditures on the following page would be required over the term of the Implementation Plan. While it is anticipated no affordable units will be developed during the five-year planning period, the Commission will be evaluating potential programs and projects as to their ability to meet RHNA requirements.

³ Based on the housing fund year end balance (on June 30, 2004) of \$363,600 and combined with \$16,800 actual net housing set-aside revenue for the 2004-05 fiscal year.

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Household Type	Minimum Percentage of Housing Set Aside Expenditures over Implementation Plan
Very Low Income Households (Based on community's need for housing for households earning less than 54% of County median income)	30%
Low Income Households (Based on community's need for housing for households earning less than 86% of County median income)	22%
Household Age 65 & Over (Based on percentage of the City's 2000 Census population age 65 and over)	14%
Notes: Percentage of very low and low income household expenditures based upon City of Carlsbad Regional Housing Needs Assessment in which 2,499 (30%) of the total 8,3537 units in the City's housing are applicable for very low income households and 1,811 units (22%) are applicable for low-income households. Percentage of expenditures for housing age 65 and over based on 2000 Census data for the City, wherein 10,976 residents (14%) of the total population of 78,247 are age 65 and over.	

- **Housing Set-Aside Expenditures since January 2002.** These proportionality requirements affect expenditures over a ten-year period, although the law permits the compliance initially for a period beginning in January 2002 and ending in December 2012. It is estimated the Commission has expended \$220,000 of the \$487,000⁴ housing set-aside funds received since January 2002. These funds have been spent on various administrative activities leading to the completion of the Ponto Beachfront Village Vision Plan and its respective housing elements. Although there have been no expenditures based on specific low- and moderate-income categories, the Commission expects to be in compliance with all income categories after fully implementing its residential rehabilitation programs and projects. The chart below documents the amount of low- and moderate- income housing fund revenue used since January 2002:

⁴ Total through fiscal year 2004-05.

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Housing Expenditures and Proportionality Since January, 2002				
Income Category	2001-02	2002-03	2003-04	Period to Date
Very Low Income	\$0	\$0	\$0	\$0
Low Income	\$0	\$0	\$0	\$0
Moderate Income	\$0	\$0	\$0	\$0
Total Expenditures:	\$19,344	\$16,497	\$22,661	\$58,502

- **Family Units Assisted by Housing Set-Aside Fund.** State law also requires a recap of the number of the projects assisted by the housing set-aside fund over the past Implementation Plan period divided by family projects (open to all age groups) and senior projects (restricted to residents age 65 and older). The Ponto-Townhouse and mixed-use developments will create 26 new affordable units with 10 being restricted to households with very low-incomes. As units are developed, the Commission expects to be in compliance with this requirement.
- **Housing Units Constructed During Prior Implementation Plan Without Housing Set-Aside Funds.** Since January 2000, no other funding source was used by the Commission to construct affordable units featuring long term covenant restricted units (affordable units with covenants of at least 45 years for ownership housing or 55 years for rental housing).

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